

B1 (Official Form 1)(4/10)

<b>United States Bankruptcy Court District of Nevada</b>				<b>Voluntary Petition</b>	
Name of Debtor (if individual, enter Last, First, Middle): <b>Carbon Energy Holdings, Inc.</b>			Name of Joint Debtor (Spouse) (Last, First, Middle):		
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names):			All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):		
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all) <b>03-0585336</b>			Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all)		
Street Address of Debtor (No. and Street, City, and State): <b>123 W. Nye Lane, Suite 129 Carson City, NV</b> <div style="text-align: right; font-size: small;">ZIP Code <b>89706</b></div>			Street Address of Joint Debtor (No. and Street, City, and State): <div style="text-align: right; font-size: small;">ZIP Code</div>		
County of Residence or of the Principal Place of Business: <b>Carson City</b>			County of Residence or of the Principal Place of Business:		
Mailing Address of Debtor (if different from street address): <b>P.O. Box 20238 Wickenburg, AZ</b> <div style="text-align: right; font-size: small;">ZIP Code <b>85358</b></div>			Mailing Address of Joint Debtor (if different from street address): <div style="text-align: right; font-size: small;">ZIP Code</div>		
Location of Principal Assets of Business Debtor (if different from street address above):					
<b>Type of Debtor</b> (Form of Organization) (Check one box)  <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.)		<b>Nature of Business</b> (Check one box)  <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101 (51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other <hr/> <b>Tax-Exempt Entity</b> (Check box, if applicable) <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code).		<b>Chapter of Bankruptcy Code Under Which the Petition is Filed</b> (Check one box)  <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 9 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13  <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding  <b>Nature of Debts</b> (Check one box)  <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose." <input checked="" type="checkbox"/> Debts are primarily business debts.	
<b>Filing Fee</b> (Check one box)  <input checked="" type="checkbox"/> Full Filing Fee attached  <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A.  <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B.		<b>Chapter 11 Debtors</b> Check one box: <input type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input checked="" type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D). Check if: <input type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,343,300 (amount subject to adjustment on 4/01/13 and every three years thereafter). Check all applicable boxes: <input type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).			
<b>Statistical/Administrative Information</b> <input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.					THIS SPACE IS FOR COURT USE ONLY
<b>Estimated Number of Creditors</b> <input checked="" type="checkbox"/> 1-49 <input type="checkbox"/> 50-99 <input type="checkbox"/> 100-199 <input type="checkbox"/> 200-999 <input type="checkbox"/> 1,000-5,000 <input type="checkbox"/> 5,001-10,000 <input type="checkbox"/> 10,001-25,000 <input type="checkbox"/> 25,001-50,000 <input type="checkbox"/> 50,001-100,000 <input type="checkbox"/> OVER 100,000					
<b>Estimated Assets</b> <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input type="checkbox"/> \$1,000,001 to \$10 million <input checked="" type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion					
<b>Estimated Liabilities</b> <input type="checkbox"/> \$0 to \$50,000 <input type="checkbox"/> \$50,001 to \$100,000 <input type="checkbox"/> \$100,001 to \$500,000 <input type="checkbox"/> \$500,001 to \$1 million <input checked="" type="checkbox"/> \$1,000,001 to \$10 million <input type="checkbox"/> \$10,000,001 to \$50 million <input type="checkbox"/> \$50,000,001 to \$100 million <input type="checkbox"/> \$100,000,001 to \$500 million <input type="checkbox"/> \$500,000,001 to \$1 billion <input type="checkbox"/> More than \$1 billion					

**Voluntary Petition***(This page must be completed and filed in every case)*

Name of Debtor(s):

**Carbon Energy Holdings, Inc.****All Prior Bankruptcy Cases Filed Within Last 8 Years** (If more than two, attach additional sheet)

Location

Where Filed: **- None -**

Case Number:

Date Filed:

Location

Where Filed:

Case Number:

Date Filed:

**Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor** (If more than one, attach additional sheet)

Name of Debtor:

**Carbon Energy Reserve, Inc.**

Case Number:

Date Filed:

**6/28/11**

District:

**District of Nevada**

Relationship:

**Wholly-Owned Subsidiary**

Judge:

**Exhibit A**

(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)

☐ Exhibit A is attached and made a part of this petition.

**Exhibit B**

(To be completed if debtor is an individual whose debts are primarily consumer debts.)

I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by 11 U.S.C. §342(b).

**X**

Signature of Attorney for Debtor(s)

(Date)

**Exhibit C**

Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?

☐ Yes, and Exhibit C is attached and made a part of this petition.

☒ No.

**Exhibit D**

(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)

☐ Exhibit D completed and signed by the debtor is attached and made a part of this petition.

If this is a joint petition:

☐ Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.

**Information Regarding the Debtor - Venue**

(Check any applicable box)

- ☒ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.
- ☒ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.
- ☐ Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.

**Certification by a Debtor Who Resides as a Tenant of Residential Property**

(Check all applicable boxes)

- ☐ Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)

\_\_\_\_\_  
(Name of landlord that obtained judgment)

\_\_\_\_\_  
(Address of landlord)

- ☐ Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and
- ☐ Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.
- ☐ Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(l)).

**Voluntary Petition***(This page must be completed and filed in every case)*

Name of Debtor(s):

**Carbon Energy Holdings, Inc.****Signatures****Signature(s) of Debtor(s) (Individual/Joint)**

I declare under penalty of perjury that the information provided in this petition is true and correct.

[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7. [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. §342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

**X** \_\_\_\_\_  
Signature of Debtor

**X** \_\_\_\_\_  
Signature of Joint Debtor

\_\_\_\_\_  
Telephone Number (If not represented by attorney)

\_\_\_\_\_  
Date

**Signature of Attorney\***

**X** /s/ Bart K. Larsen  
Signature of Attorney for Debtor(s)

Bart K. Larsen 8538  
Printed Name of Attorney for Debtor(s)

Kolesar & Leatham, Chtd.  
Firm Name  
**400 S. Rampart**  
**Suite 400**  
**Las Vegas, NV 89145**

\_\_\_\_\_  
Address

Email: [info@klnevada.com](mailto:info@klnevada.com)

702-362-7800 Fax: 702-362-9472  
Telephone Number

June 28, 2011  
Date

\*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.

**Signature of Debtor (Corporation/Partnership)**

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

**X** /s/ Gordon F. Lee  
Signature of Authorized Individual

Gordon F. Lee  
Printed Name of Authorized Individual

President  
Title of Authorized Individual

June 28, 2011  
Date

**Signature of a Foreign Representative**

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

☐ I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. §1515 are attached.

☐ Pursuant to 11 U.S.C. §1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

**X** \_\_\_\_\_  
Signature of Foreign Representative

\_\_\_\_\_  
Printed Name of Foreign Representative

\_\_\_\_\_  
Date

**Signature of Non-Attorney Bankruptcy Petition Preparer**

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(b); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required in that section. Official Form 19 is attached.

\_\_\_\_\_  
Printed Name and title, if any, of Bankruptcy Petition Preparer

\_\_\_\_\_  
Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)

\_\_\_\_\_  
Address

**X** \_\_\_\_\_  
Date

Signature of Bankruptcy Petition Preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

Names and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:

If more than one person prepared this document, attach additional sheets conforming to the appropriate official form for each person.

*A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both 11 U.S.C. §110; 18 U.S.C. §156.*

## **RIDER A**

On or about the date hereof, the following affiliate of the Debtor filed a Chapter 11 Voluntary Petition in this District:

Carbon Energy Reserve, Inc.

**UNANIMOUS WRITTEN CONSENT IN LIEU OF  
A MEETING OF THE BOARD OF DIRECTORS OF  
CARBON ENERGY HOLDINGS, INC.**

The undersigned, being all of the Directors of CARBON ENERGY HOLDINGS, INC., a Nevada corporation (the "Corporation"), hereby waive notice of meeting and consent to the following actions and adopt the following resolutions, to have the same force and effect as if unanimously taken and adopted at a meeting of the Board of Directors of the Corporation, in accordance with Nevada Revised Statutes ("NRS") 78.315 and the Corporation's Bylaws:

**WHEREAS**, the Board of Directors believes it is in the best interest of the Corporation to file, on behalf of the Corporation, a Petition for Bankruptcy under Chapter 11 of the United States Bankruptcy Code ("**Chapter 11 Petition**") in the United States Bankruptcy Court for the District of Nevada,

**WHEREAS**, the Board of Directors believes it is in the best interest of the Corporation to engage and retain the law firm of Kolesar & Leatham, Chtd. ("**Kolesar & Leatham**") for purposes of filing a Chapter 11 Petition on behalf of the Corporation,

**NOW, THEREFORE, BE IT RESOLVED**, that the Corporation is authorized to engage and retain Kolesar & Leatham.


**RESOLVED FURTHER**, that Kolesar & Leatham is authorized to and shall file a Chapter 11 Petition on behalf of the Corporation.

**RESOLVED FURTHER**, that any of the appointed officers of the Corporation are authorized to take all actions and to execute any documents or instruments necessary or appropriate to effectuate the purpose and intent of these resolutions, and any and all actions taken heretofore and hereafter to accomplish such purposes, all or singular, are hereby ratified and confirmed.

**RESOLVED FURTHER**, that this Unanimous Written Consent in Lieu of a Meeting of the Board of Directors of Carbon Energy Holdings, Inc. may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same consent.

**IN WITNESS WHEREOF**, the undersigned have executed this Unanimous Written Consent in Lieu of a Meeting of the Board of Directors of Carbon Energy Holdings, Inc. effective as of the 22 day of June, 2011.

  
Norbert H. Knoch, Director

  
Gordon F. Lee, Director

  
Victoria S. Blackburn

**WRITTEN CONSENT IN LIEU OF A  
SPECIAL MEETING OF SHAREHOLDERS  
HOLDING A MAJORITY OF THE VOTING POWER OF  
CARBON ENERGY HOLDINGS, INC.**

The undersigned Shareholders, which together hold a majority of the voting power of CARBON ENERGY HOLDINGS, INC., a Nevada corporation ("the Corporation"), in accordance with Section 78.320 of the Nevada Revised Statutes and the Corporation's Bylaws, do hereby authorize, consent, and agree to the adoption of the following resolutions to the same extent and to have the same force and effect as if adopted by a vote of a majority of the Shareholders at a formal meeting of the Shareholders of the Corporation duly called and held for the purpose of adopting and acting upon such resolutions:

**WHEREAS**, the undersigned Shareholders, which together hold a majority of the voting power of the Corporation, believe it is in the best interest of the Corporation to file a Petition for Bankruptcy under Chapter 11 of the United States Bankruptcy Code ("**Chapter 11 Petition**") in the United State Bankruptcy Court for the District of Nevada.

**WHEREAS**, the undersigned Shareholders, which together hold a majority of the voting power of the Corporation, believe it is in the best interest of the Corporation to engage and retain the law firm of Kolesar & Leatham, Chtd. ("**Kolesar & Leatham**") for purposes of filing a Chapter 11 Petition on behalf of the Corporation.

**NOW, THEREFORE, BE IT RESOLVED**, that the Corporation is authorized to engage and retain Kolesar & Leatham.

**RESOLVED FURTHER**, that Kolesar & Leatham is authorized to and shall file a Chapter 11 Petition on behalf of the Corporation.

**RESOLVED FURTHER**, that any of the appointed officers of the Corporation are authorized to take all actions and to execute any documents or instruments necessary or appropriate to effectuate the purpose and intent of these resolutions, and any and all actions taken heretofore and hereafter to accomplish such purposes, all or singular, are hereby ratified and confirmed.

**RESOLVED FURTHER**, that the within Written Consent in Lieu of a Special Meeting of the Shareholders Holding a Majority of the Voting Power of the the Corporation may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original, and all of which taken together shall constitute but one and the same consent.

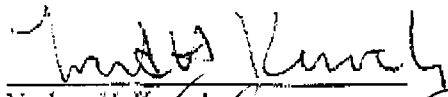
[SIGNATURE PAGE FOLLOWS]

A handwritten signature in black ink, appearing to be a stylized 'f' or 'g' followed by a horizontal line.

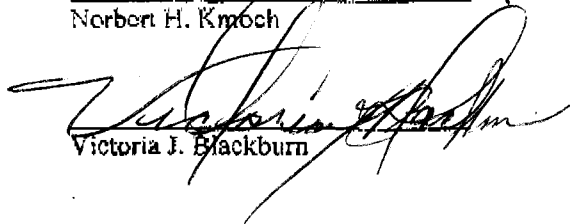
IN WITNESS WHEREOF, the undersigned Shareholders, holding a majority of the voting power of this Corporation, have executed this Written Consent of Shareholders Holding a Majority of the Voting Power effective as of this 22 day of June, 2011.

SHAREHOLDERS HOLDING  
MAJORITY OF VOTING POWER

SHARES OWNED OR HELD BY  
PROXY

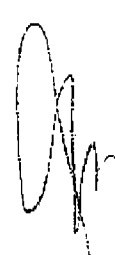
  
Norbert H. Knoch

Shares Owned: 1,091,761 (12.3%)  
Shares Held by Proxy: 3,007,981 (33.9%)

  
Victoria J. Blackburn

Shares Owned: 919,584 (10.4%)

TOTAL: 5,019,326 (56.7%)



<b>UNITED STATES BANKRUPTCY COURT</b> District of Nevada	
In Re: <b>CARBON ENERGY HOLDINGS, INC.</b>	BANKRUPTCY NO.: CHAPTER NO.: <u>11</u>
Debtor(s).	

**DECLARATION RE: ELECTRONIC FILING OF PETITION  
SCHEDULES, STATEMENTS AND PLAN (if applicable)**

**PART I - DECLARATION OF PETITIONER**

I [We] Gordon F. Lee, President and Director and N/A, the undersigned debtor(s) hereby declare under penalty of perjury that the information I have given my attorney and the information provided in the electronically filed petition, statements, schedules, amendments and plan (if applicable) as indicated above is true and correct. I consent to my attorney filing my petition, this declaration, statements, schedules and plan (if applicable) as indicated above to the United States Bankruptcy Court. I understand that this DECLARATION RE: ELECTRONIC FILING is to be filed with the Clerk once all schedules have been filed electronically but, in no event, no later than 14 days following the date the petition was electronically filed. I understand that failure to file the signed original of this DECLARATION will cause my case to be dismissed pursuant to 11 U.S.C § 707(a)(3) without further notice.

- ☐ If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7 or 13. I am aware that I may proceed under chapter 7, 11, 12, or 13 of 11 United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7 or 13. I request relief in accordance with the chapter specified in this petition.
- ☒ [If petitioner is a corporation or partnership] I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor. The debtor requests relief in accordance with the chapter specified in this petition.

Dated: 06/22/11

Signed: [Signature] N/A  
 (Applicant) (Joint Applicant)

**PART II - DECLARATION OF ATTORNEY**

I, the attorney for the petitioner named in the foregoing petition, declare that, I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter.

Dated: 6/28/11

Signed: [Signature]  
 Attorney for Debtor(s)